

HOUSE BILL 246 WOULD:

01

ENSURE PATIENT CHOICE

Prevents the PBM from penalizing patients in the form of higher copays for using their pharmacy of choice.

Prevents PBMs from dictating which pharmacy a patient uses (for example, PBMs cannot require patients to use their own mail-order pharmacies - a practice that is currently moving jobs, goods and taxes out of NC).

02

ADDRESS PBM SPECIALTY PHARMACY MONOPOLY

Currently PBMs force patients to use their own pharmacies for specialty medications - patients are not allowed to use their pharmacy of choice.

03

GIVE THE NC DEPARTMENT OF INSURANCE AUTHORITY TO ENFORCE PBM LAWS

A loophole in the current law prevents NCDOI from taking any action when PBMs violate state law.

04

ELIMINATE 'SPREAD PRICING'

This is when PBMs charge payers a higher price than they pay pharmacies and pocket the difference.

05

REQUIRE PBMS TO MORE FAIRLY REIMBURSE PHARMACIES

Prevent PBMs from reimbursing pharmacies below the cost of medications (following NC Medicaid's current model).

Prevent PBMs from reimbursing their *own* pharmacies at a higher rate.

Pay a dispensing fee, which is just to cover the cost of dispensing a medication (following NC Medicaid's current model - the current fee is \$10.24). Data from 2018 found the cost to dispense a medication was \$12.40.

06

INCREASE TRANSPARENCY

PBMs must submit to the state: the amount they receive in rebates from manufacturers, the amount they receive in fees, the amount of rebates they do not pass along to clients/patients.

STATES THAT PASS PBM REFORM SEE SIGNIFICANT SAVINGS

\$54 million

And a little over \$6 per individual prescription saved by [West Virginia](#) in the first year that they removed PBMs from their state Medicaid plan

\$224.8 million

Pocketed by PBMs in 1 year through spread pricing alone (of the \$2.5 billion that's spent annually through PBMs on Medicaid prescription drugs) - found by the [Ohio](#) State Auditor

\$500 million

Savings [California](#) expects after dropping their PBM, CVS Caremark (**cutting prescription drug costs 10-15%**)

\$42 million

Amount [Louisiana](#) PBMs retained due to incorrectly listing it as "medical costs."

\$123.5 million

A [Kentucky](#) PBM made in 1 year through spread pricing alone

\$72 million

Pocketed by PBMs in spread pricing alone - found by [Maryland](#) state Medicaid report

\$64 million

Amount PBMs overcharged [Michigan](#) Medicaid by manipulating drug prices

\$29 million

Pocketed by PBMs in spread pricing alone - found by a [Virginia](#) state-commissioned report on Medicaid

\$1.2 million

Saved by [Louisiana](#) by switching to a pass-through PBM model

\$1.41 to \$2.86 billion

[Pennsylvania](#) state auditor found that between 2013 and 2017, the amount that taxpayers paid to PBMs for Medicaid enrollees more than doubled

Immense profit at detriment of all others

[New York](#) Legislative committee investigated PBM practices and found "PBMs often employ controversial utilization and management tools to **generate revenue for themselves in a way that is detrimental to health plan sponsors, patients, and pharmacies**"

18-109xs profit

Amount PBM-affiliated pharmacies are making over the typical community pharmacy on brand name drugs found by a [Florida](#) report on their Medicaid managed care program. Additionally, they found PBMs steered patients with high-cost, high-profit prescriptions to their own pharmacies and charged higher prices.

PBM FACTS

278%
higher

US drug prices as compared to other developed countries¹. **The US is the only country in the world with PBMs.**

80%

Of the prescription drug market is controlled by just 3 PBMs (Express Scripts, CVS Caremark & Optum²). **All 3 of these companies are also in the top 15 of the Fortune 500 list.**

1279%

Increase in prescription drug benefit costs & a **222% increase in patient out-of-pocket costs** from 1987-2019³.

\$120 billion

Amount PBMs fail to pass back to customers³

1

Independent pharmacy closed every day in 2023⁴; **92** community pharmacies closed in NC from 1/1/22-4/12/24⁵

11%

Increase in profits seen by CVS Caremark in 2023

\$357.8 billion

Revenue generated by CVS Caremark in 2023, which is the highest ever registered.

\$143 billion

PBMs reaped in rebates in 2019 - PBMs increase drug costs by nearly 30 percent due to rebates charged to drug manufacturers to remain on their formularies, which **added nearly 30 cents per dollar to the price consumers pay for prescriptions**⁶

42%

of every dollar spent on brand medicines in the commercial market **goes to rebates and fees received by PBMs**. The total amount of commercial rebates and fees paid to PBMs reached **\$72 billion** in 2022⁷

> 300%

Increase over the last decade: **PBM profits from fees charged to manufacturers, pharmacies, health insurers, and employers**⁷

1. <https://www.managedhealthcareexecutive.com/view/u-s-drug-prices-are-278-higher-than-other-developed-countries-says-rand-study>

2. <https://ncpa.org/sites/default/files/2021-08/PBM-Storybook-One-Pager.pdf>

3. <https://www.nacds.org/dir-fees/>

4. <https://ncpa.org/newsroom/qam/2024/02/27/cash-crunch-pushes-independents-brink-data-shows>

5. <https://ncap.memberclicks.net/assets/Advocacy/NC%20Pharmacy%20Closures.png>

6. Medicine Spending and Affordability in the United States: Understanding Patients' Costs For Medicine. IQVIA Institute for Human Data Science

7. <https://phrma.org/Blog/New-analysis-shows-PBMs-use-fees-as-a-profit-center>